

# Condensed Interim Consolidated Financial Statements

Quarter ended September 30, 2023  
Unaudited



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## Consolidated Balance Sheets

[unaudited, in thousands of Canadian dollars]

		September 30, 2023	December 31, 2022
	Note	\$	\$
<b>Assets</b>			
Investment properties			
Income properties	3	1,845,061	1,988,690
Land held for future development		53,770	52,700
		<b>1,898,831</b>	<b>2,041,390</b>
Investment properties held for sale	4	69,380	312,865
Investments in joint ventures	5	24,783	13,317
Mortgages receivable	6	19,500	10,000
Derivative assets		3,764	—
Accounts receivable	7	12,115	17,823
Prepaid expenses and other assets		16,776	3,669
Cash and cash equivalents		3,728	38,063
<b>Total assets</b>		<b>2,048,877</b>	<b>2,437,127</b>
<b>Liabilities</b>			
Mortgages payable	8	757,270	775,431
Mortgages payable related to investment properties held for sale	4, 8	18,150	96,439
Debentures	9	199,219	269,916
Bank borrowings	10	56,156	—
Accounts payable and accrued liabilities	11	61,478	68,516
<b>Total liabilities</b>		<b>1,092,273</b>	<b>1,210,302</b>
<b>Unitholder's equity</b>			
Unitholder's equity		956,604	1,226,825
<b>Total liabilities and unitholder's equity</b>		<b>2,048,877</b>	<b>2,437,127</b>

See accompanying notes to the condensed interim consolidated financial statements.

## Interim Consolidated Statements of Unitholder's Equity

**For the periods ended September 30**

[unaudited, in thousands of Canadian dollars]

	Unitholder's contributions \$	Cumulative net income \$	Accumulated other comprehensive income	Cumulative distributions \$	Contributed surplus \$	Total \$
Balance as at January 1, 2023	2,143,800	3,886,121	—	(4,803,096)	—	1,226,825
Net loss	—	(93,003)	—	—	—	(93,003)
Other comprehensive income	—	—	3,764	—	—	3,764
Distributions to parent company (IRIS)	—	—	—	(180,982)	—	(180,982)
<b>Balance as at September 30, 2023</b>	<b>2,143,800</b>	<b>3,793,118</b>	<b>3,764</b>	<b>(4,984,078)</b>	<b>—</b>	<b>956,604</b>

	Unitholder's contributions \$	Cumulative net income \$	Accumulated other comprehensive income	Cumulative distributions \$	Contributed surplus \$	Total \$
Balance as at January 1, 2022	3,233,486	1,590,967	—	(2,350,252)	8,923	2,483,124
Net loss and comprehensive loss	—	(60,545)	—	—	—	(60,545)
Distributions to unitholders	—	—	—	(1,073,999)	—	(1,073,999)
Special distribution in units	1,300,000	—	—	(1,300,000)	—	—
Parent company (IRIS) subscription under the Arrangement	2,143,800	—	—	—	—	2,143,800
Repurchase of units under the Arrangement	(4,533,486)	2,389,686	—	—	—	(2,143,800)
Long-term incentive plan	—	490	—	—	(8,923)	(8,433)
<b>Balance as at September 30, 2022</b>	<b>2,143,800</b>	<b>3,920,598</b>	<b>—</b>	<b>(4,724,251)</b>	<b>—</b>	<b>1,340,147</b>

See accompanying notes to the condensed interim consolidated financial statements.

## Interim Consolidated Statements of Comprehensive Loss

**For the periods ended September 30**

[unaudited, in thousands of Canadian dollars]

	Note	Quarter		Year-to-date (nine months)	
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>Operating revenues</b>					
Rental revenue from investment properties	14	<b>67,979</b>	81,605	<b>219,440</b>	301,764
<b>Operating expenses</b>					
Operating costs		<b>(18,339)</b>	(19,923)	<b>(63,194)</b>	(80,085)
Realty taxes and services		<b>(15,296)</b>	(18,621)	<b>(47,797)</b>	(68,266)
Property administrative expenses		<b>(1,428)</b>	(2,431)	<b>(4,714)</b>	(8,473)
		<b>(35,063)</b>	(40,975)	<b>(115,705)</b>	(156,824)
<b>Net operating income</b>		<b>32,916</b>	40,630	<b>103,735</b>	144,940
Finance charges		<b>(14,213)</b>	(11,933)	<b>(42,098)</b>	(58,750)
Trust administrative expenses		<b>(9,278)</b>	(11,685)	<b>(24,853)</b>	(24,140)
Change in fair value of investment properties	3, 4	<b>(94,820)</b>	(118,298)	<b>(121,569)</b>	(44,294)
Share in joint ventures' net income	5	<b>6</b>	—	<b>1,834</b>	2,128
Transaction costs	15	<b>(2,114)</b>	(576)	<b>(11,140)</b>	(80,554)
Adjustment of the selling price of the interest in a joint venture		<b>1,111</b>	—	<b>1,111</b>	—
Net loss before income taxes		<b>(86,392)</b>	(101,862)	<b>(92,980)</b>	(60,670)
Income taxes		<b>(23)</b>	125	<b>(23)</b>	125
<b>Net loss</b>		<b>(86,415)</b>	(101,737)	<b>(93,003)</b>	(60,545)
<b>Other comprehensive income</b>					
<b>Cash flow hedges</b>					
Realized gain on financial instruments transferred to net income		<b>(647)</b>	—	<b>(647)</b>	—
Change in fair value of the financial instrument		<b>4,411</b>	—	<b>4,411</b>	—
<b>Comprehensive loss</b>		<b>(82,651)</b>	(101,737)	<b>(89,239)</b>	(60,545)

See accompanying notes to the condensed interim consolidated financial statements.

## Interim Consolidated Statements of Cash Flows

For the periods ended September 30

[unaudited, in thousands of Canadian dollars]

	Note	Year-to-date (nine months)	
		2023	2022
		\$	\$
Operating activities			
Net loss		(93,003)	(60,545)
Adjustments for:			
Excess of share of net income over distributions received from the joint ventures	5	(1,834)	(2,128)
Change in fair value of investment properties	3, 4	121,569	44,294
Depreciation and amortization		3,006	3,569
Recognition of leases on a straight-line basis		524	135
Adjustment of the selling price of the interest in a joint venture		(1,111)	—
Financing costs and other asset write-offs		—	12,542
Changes in non-cash working capital items	16	(10,720)	(34,840)
<b>Cash flows provided by (used in) operating activities</b>		<b>18,431</b>	<b>(36,973)</b>
Investing activities			
Investments in income properties	3, 16	(35,162)	(34,742)
Investments in properties under development/land	16	(1,083)	(3,733)
Proceeds from the sale of investment properties net of assigned mortgages payable	3, 4, 6	188,854	2,882,041
Proceeds from the dissolution of a joint venture	5	—	60,390
Proceeds from the disposition of interest in a joint venture	5	—	6,265
Contributions to the capital of the joint ventures	5	(9,632)	(1,020)
Change in other assets		(207)	585
<b>Cash flows provided by investing activities</b>		<b>142,770</b>	<b>2,909,786</b>
Financing activities			
Cash distributions to unitholders		(180,982)	(1,073,999)
Net variation of bank borrowings		56,156	(537,093)
Net proceeds from mortgages payable	8	267,022	(185)
Financing costs incurred for Debentures	9	(16)	—
Parent company (IRIS) subscription under the Arrangement		—	2,049,629
Repurchase of units under the Arrangement		—	(2,049,744)
Settlement of long term incentive instruments under the Arrangement		—	(8,923)
Repayments of debentures	9	(71,097)	(603,985)
Repayments of mortgages payable	8	(253,760)	(598,162)
Monthly repayments of mortgages payable	8	(12,859)	(19,448)
<b>Cash flows used in financing activities</b>		<b>(195,536)</b>	<b>(2,841,910)</b>
Net change in cash and cash equivalents		(34,335)	30,903
Cash and cash equivalents, beginning of period		38,063	7,604
<b>Cash and cash equivalents, end of period</b>		<b>3,728</b>	<b>38,507</b>
Other information			
Interest paid		35,882	52,957

See accompanying notes to the condensed interim consolidated financial statements.

# Notes to Condensed Interim Consolidated Financial Statements

**For the periods ended September 30, 2023 and 2022**  
[unaudited, in thousands of Canadian dollars]

## 1) Description of the Trust

Cominar Real Estate Investment Trust ("Cominar", the "Trust" or the "REIT") is an unincorporated trust created by a Contract of Trust on March 31, 1998, as amended and amended and restated to date, under the laws of the Province of Québec. As at September 30, 2023, Cominar owned and managed a real estate portfolio of 30 properties that covered a total area of approximately 9.5 million square feet in the Province of Québec and in Ottawa, Ontario.

The head office of Cominar is located at Complexe Jules-Dallaire – T3, 2820 Laurier Boulevard, Suite 750, Québec City, Québec, Canada, G1V 0C1. Additional information about the Trust is available on Cominar's website at [www.cominar.com](http://www.cominar.com) and on the Canadian Securities Administrators' website at [www.sedarplus.ca](http://www.sedarplus.ca).

The board of trustees of the REIT (the "Board of Trustees") approved Cominar's condensed interim consolidated financial statements on November 1, 2023.

### The Arrangement

On March 1, 2022, Cominar announced the closing of a transaction pursuant to which all of Cominar's then issued and outstanding units were acquired under a plan of arrangement for \$11.75 per unit in cash by a consortium, Iris Acquisition II LP ("IRIS"), composed of an affiliate of Canderel Management Inc., certain affiliates of FrontFour Capital Group LLC, Artis Real Estate Investment Trust ("Artis"), partnerships managed by Sandpiper Group, and Koch Real Estate Investments, LLC ("KREI"), with KREI and Artis also providing preferred equity (the "Arrangement").

As part of the Arrangement, an affiliate of Mach Capital Inc. acquired certain of the REIT's office and retail properties and an affiliate of Blackstone Real Estate Services L.L.C. acquired most of the REIT's industrial portfolio.

As part of the Arrangement, Cominar's existing trustees resigned and were replaced by Alex Avery, Renzo Barazzuol, Navdeep Gill, Stephen Loukas, Samir Manji, Brett Miller, Ben Rodney, Ryan Ross and Jonathan Wener.

As a result of the completion of the Arrangement, the units of the REIT were delisted from the Toronto Stock Exchange at the close of trading on March 2, 2022.

## 2) Significant Accounting Policies

### a) Basis of presentation

Cominar's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, and comply notably with the requirements of IAS 34, "Interim Financial Reporting". They do not include all the disclosure that would normally be found in the Trust's annual consolidated financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements, with the exception of hedging and derivative financial instruments, fixed interest rate swaps and financial instruments. These condensed interim consolidated financial statements should be read in conjunction with Cominar's annual consolidated financial statements prepared in accordance with IFRS for the year ended December 31, 2022.

### b) Basis of preparation

#### Consolidation

These condensed interim consolidated financial statements include the accounts of Cominar and its wholly-owned subsidiaries.

#### Use of estimates, assumptions and judgments

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the periods. The critical accounting estimates and judgments have been set out in note 2 to Cominar's consolidated financial statements for the year ended December 31, 2022. There have been no changes to the critical accounting estimates and judgments during the nine-month period ended September 30, 2023.

#### Hedging and derivative financial instruments

Cominar applies general hedge accounting requirements of IFRS 9, Financial Instruments.

**Interest rate swaps**

Periodically, Cominar uses interest rate swaps to manage the interest rate risk associated with its variable rate mortgages payable. Where the general hedge accounting requirements are met, Cominar designates those interest rate swaps as a cash flow hedge of the interest from its variable rate mortgages payable. Accordingly, changes in the fair value of the derivative financial instruments, which instruments are included in the balance sheet, are recognized in other comprehensive income (loss). Realized gains and losses in accumulated other comprehensive income (loss) are reclassified to interest on mortgages payable over the same periods as the interest expense on the mortgages payable is recognized in earnings.

**Financial instruments**

Cominar groups its financial instruments into classes according to the purpose for which they were acquired and to their characteristics. Management determines such classification upon initial recognition.

Cominar uses the following classifications for its financial instruments:

- Cash and cash equivalents, accounts receivable and mortgages receivable are classified as "Financial assets at amortized cost." They are initially measured at fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. For Cominar, this value generally represents cost.
- Mortgages payable, debentures, bank borrowings, and accounts payable and accrued liabilities are classified as "Financial liabilities at amortized cost." They are initially measured at fair value. Subsequently, they are measured at amortized cost using the effective interest method.
- Derivatives financial instruments designated as cash flow hedges are classified as fair value through profit or loss ("FVTPL"), subject to hedge accounting requirements. These financial instruments are subsequently measured at fair value. The effective portion of changes in fair value is initially recorded in other comprehensive income (loss) and any ineffectiveness is recorded immediately in net loss.

### 3) Income Properties

		Nine-month period ended September 30, 2023	Year ended December 31, 2022
	Note	\$	\$
Balance, beginning of period		<b>1,988,690</b>	2,517,447
Change in fair value		<b>(96,790)</b>	(64,766)
Capital costs		<b>29,606</b>	35,976
Dispositions		—	(16,000)
Net transfer to investment properties held for sale	4	<b>(76,911)</b>	(485,378)
Change in initial direct costs		<b>990</b>	1,753
Recognition of leases on a straight-line basis		<b>(524)</b>	(342)
Balance, end of period		<b>1,845,061</b>	1,988,690

#### Change in Fair Value of Investment Properties

Cominar opted to present its investment properties in the condensed interim consolidated financial statements according to the fair value model.

During the first nine months of 2023, Cominar revalued all its investment properties using external valuations and definitive agreements to sell investment properties and determined that a net decrease of \$121,569 was necessary to adjust the carrying amount of its investment properties to fair value. The change in fair value related to investment properties held as at September 30, 2023, amounted to a net decrease of \$88,313. At the end of the third quarter of 2023, Cominar reassessed the fair value for its entire portfolio, using external valuations and definitive agreements to sell investment properties.



## 4) Investment Properties Held for Sale

		Nine-month period ended September 30, 2023			Year ended December 31, 2022
	Note	Office and mixed-use properties \$	Retail properties \$	Total \$	Total \$
<b>Investment properties held for sale</b>					
Balance, beginning of period		<b>264,000</b>	<b>48,865</b>	<b>312,865</b>	3,363,500
Net transfer from (to) income properties <sup>1</sup>	3	<b>(32,961)</b>	<b>109,872</b>	<b>76,911</b>	485,378
Transfers from properties under development and land held for future development		—	—	—	7,867
Capitalized costs		<b>1,067</b>	<b>156</b>	<b>1,223</b>	11,709
Change in fair value		<b>(22,910)</b>	<b>(1,869)</b>	<b>(24,779)</b>	(27,706)
Dispositions		<b>(143,196)</b>	<b>(153,644)</b>	<b>(296,840)</b>	(3,527,883)
Balance, end of period		<b>66,000</b>	<b>3,380</b>	<b>69,380</b>	312,865

<sup>1</sup> During the first quarter of 2023, Cominar transferred \$78,625 of investment properties held for sale to income properties. At this moment these properties no longer met the required criteria to be presented as held for sale.

		Nine-month period ended September 30, 2023			Year ended December 31, 2022
	Note	Office and mixed-use properties \$	Retail properties \$	Total \$	Total \$
<b>Mortgages payable related to investment properties held for sale</b>					
Balance, beginning of period		<b>96,439</b>	—	<b>96,439</b>	992,785
Transfer from (to) mortgages payable		<b>(30,092)</b>	<b>51,738</b>	<b>21,646</b>	140,718
Monthly repayments of principal		<b>(1,197)</b>	<b>(252)</b>	<b>(1,449)</b>	(6,954)
Repayments of balances		—	—	—	(469,850)
Mortgages payable assumed by a purchaser	8	<b>(47,000)</b>	<b>(51,486)</b>	<b>(98,486)</b>	(560,260)
Balance, end of period		<b>18,150</b>	—	<b>18,150</b>	96,439

## 5) Investments in Joint Ventures

September 30			2023	2022
Joint ventures	Address	City/province	Ownership interest	Ownership interest
Société en commandite Complexe Jules-Dallaire	2820 Laurier Boulevard	Québec, Québec	—	— <sup>1</sup>
Société en commandite Marais	Du Marais Street	Québec, Québec	<b>75%</b>	75%
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Québec	—	— <sup>2</sup>
Société en commandite Terrains Centropolis	Centropolis	Laval, Québec	<b>50%</b>	50%

<sup>1</sup> Société en commandite Complexe Jules-Dallaire sold its property and was subsequently liquidated and dissolved in connection with the Arrangement

<sup>2</sup> Cominar sold its 50% partnership interest in Société en commandite Bouvier-Bertrand on April 27, 2022

The business objective of these joint ventures is the ownership, management and development of real estate projects.

The following table summarizes the financial information on the investments in these joint ventures accounted for under the equity method:

	Nine-month period ended September 30, 2023	Year ended December 31, 2022
	\$	\$
Investments in joint ventures, beginning of period	<b>13,317</b>	76,383
Contributions to the capital of the joint ventures	<b>9,632</b>	2,307
Share of joint ventures' net income and comprehensive income	<b>1,834</b>	1,282
Dissolution of a joint venture	—	(60,390)
Disposition of interest in a joint venture	—	(6,265)
Investments in joint ventures, end of period	<b>24,783</b>	13,317

The following tables summarize the joint ventures' net assets and net income as well as Cominar's proportionate share:

	Joint ventures		Cominar's proportionate share	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	\$	\$	\$	\$
Properties under development	<b>33,210</b>	17,957	<b>16,605</b>	8,979
Land held for future development	—	7,000	—	5,250
Investment properties held for sale	<b>9,500</b>	—	<b>7,125</b>	—
Other assets	<b>3,501</b>	187	<b>1,758</b>	95
Other liabilities	<b>(1,402)</b>	(2,010)	<b>(705)</b>	(1,007)
Net assets of joint ventures	<b>44,809</b>	23,134	<b>24,783</b>	13,317

For the nine-month periods ended September 30	Joint Ventures		Cominar's proportionate share	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating revenues	—	4,709	—	3,145
Operating expenses	—	(2,254)	—	(1,483)
Net operating income	—	2,455	—	1,662
Finance charges	<b>14</b>	(1,382)	<b>6</b>	(766)
Administrative expenses	—	(41)	—	(21)
Change in fair value	<b>2,438</b>	2,987	<b>1,828</b>	1,414
Transaction costs	—	(226)	—	(161)
Net income	<b>2,452</b>	3,793	<b>1,834</b>	2,128

## 6) Mortgages Receivable

	Nine-month period ended September 30, 2023		Year ended December 31, 2022	
	\$	Weighted average contractual rate	\$	Weighted average contractual rate
Balance, beginning of period	10,000	4.50 %	—	— %
Mortgages receivable granted	9,500	5.21 %	10,000	4.50 %
Balance, end of period	19,500	4.85 %	10,000	4.50 %

The second ranking mortgages receivable shall be repaid between March 2025 and October 2026 and are subject to certain covenants.

## 7) Accounts Receivable

	September 30, 2023	December 31, 2022
	\$	\$
Trade receivables	6,983	12,028
Provision for expected credit losses	(2,051)	(4,017)
	4,932	8,011
Interests receivable on swap	647	—
Other receivables and accrued income	6,536	9,812
Total	12,115	17,823

## 8) Mortgages Payable

		Nine-month period ended September 30, 2023		Year ended December 31, 2022	
	Note	\$	Weighted average contractual rate	\$	Weighted average contractual rate
Balance, beginning of period		874,448	3.63 %	2,059,632	3.53 %
Mortgages payable contracted		270,000	6.37 %	—	— %
Monthly repayments of principal		(12,859)	— %	(26,762)	— %
Repayments of balances		(253,760)	6.54 %	(598,162)	3.35 %
Mortgages payable assumed by purchasers	4	(98,486)	3.35 %	(560,260)	3.39 %
		779,343	4.77 %	874,448	3.63 %
Less: Deferred financing costs		(3,923)		(2,578)	
Balance, end of period <sup>1</sup>		775,420		871,870	

<sup>1</sup> As at September 30, 2023, includes \$18,150 in mortgages payable related to the investment properties held for sale (\$96,439 as at December 31, 2022)

Mortgages payable are secured by immovable hypothecs on investment properties with a book value of \$1,348,623. As at September 30, 2023, they bore annual contractual interest rates ranging from 3.46% to 6.37%, representing a weighted average contractual rate of 4.77%, and mature at various dates from September 2024 to December 2031. As at September 30, 2023, the weighted average effective interest rate was 4.90%.

As at September 30, 2023, all mortgages payable were bearing interest at fixed rates, with the exception of a mortgage bearing interest at variable rate based on the Canadian Dollar Offered Rate (CDOR) plus an applicable margin.

Some of the mortgages payable include restrictive covenants, with which Cominar was in compliance as at both September 30, 2023 and December 31, 2022.

## 9) Debentures

The following table presents characteristics of outstanding debentures as at September 30, 2023:

	Date of issuance	Contractual interest rate	Effective interest rate	Maturity date	Par value as at September 30, 2023 (\$)
Series 11	May 2019	4.50 %	4.82 %	May 2024	<b>50,787</b>
Series 12	May 2020	5.95 %	6.24 %	May 2025	<b>149,131</b>
		<b>5.58 %</b>	<b>5.88 %</b>		<b>199,918</b>
Less: Deferred financing costs					<b>(699)</b>
Total					<b>199,219</b>

On May 23, 2023, Cominar repaid its Series 10 senior unsecured debentures totaling \$71,097 and bearing interest at 4.247% using its Credit Facilities (as defined below) and cash on hand.

## 10) Bank Borrowings

On April 24, 2023, Cominar entered into a credit agreement with a banking syndicate (the "Credit Agreement"). Under the terms of the Credit Agreement, lenders committed to provide Cominar with revolving facilities in an aggregate amount of up to \$132,500 (collectively, the "Credit Facilities") maturing on April 24, 2024 and secured by hypothecs on three properties with a book value of \$260,554. The Credit Facilities consist of Revolving Facility A and Revolving Facility B. Revolving Facility A allows Cominar to draw up to an aggregate of \$80,000 and Revolving Facility B allows Cominar to draw up to an aggregate of \$52,500. The Credit Facilities bear interest at the prime rate plus 70 basis points or at the bankers' acceptance rate plus 170 basis points. As at September 30, 2023, bank borrowings under the Credit Facilities totaled \$56,156 and availability was \$76,344. The Credit Agreement limits the amount of distributions that can be made to IRIS and subordinates all of the outstanding units owned by IRIS and includes restrictive covenants, with which Cominar was in compliance as at September 30, 2023.

Cominar previously provided a secured guarantee of the obligations of IRIS, as borrower, under a credit agreement dated March 1, 2022 (as same was subsequently amended and supplemented from time to time) with, among others, Bank of Montreal, as administrative agent and lender. The credit facility thereunder was fully paid out and the credit agreement and related guarantee were terminated using a portion of the Credit Facilities on April 24, 2023.

## 11) Accounts Payable and Accrued Liabilities

	September 30, 2023	December 31, 2022
	\$	\$
Trade accounts payable	<b>2,356</b>	401
Accrued interest payable	<b>11,342</b>	6,315
Prepaid rent and tenants' deposits	<b>9,315</b>	11,378
Commodity taxes and other non-financial liabilities	<b>1,965</b>	2,360
Other accounts payable and accrued expenses	<b>36,500</b>	48,062
Total	<b>61,478</b>	68,516

## 12) Issued and Outstanding Units

	Nine-month period ended September 30, 2023		Year ended December 31, 2022	
	Units	\$	Units	\$
Units issued and outstanding, beginning of period	182,451,027	2,143,800	182,451,026	3,233,486
Special distribution in units net of units consolidation impact	—	—	—	1,300,000
Non-redeemable units issuance to parent company (IRIS)	45,612,757	—	—	—
Parent company (IRIS) subscription under the Arrangement	—	—	182,451,027	2,143,800
Repurchase of units under the Arrangement	—	—	(182,451,026)	(4,533,486)
Units issued and outstanding, end of period	<b>228,063,784</b>	<b>2,143,800</b>	182,451,027	2,143,800

As at September 30, 2023, there were a total of 228,063,784 units of the REIT issued and outstanding, comprised of 182,451,027 units designated as "Redeemable Units" and 45,612,757 units designated as "Non-Redeemable Units". All units of the REIT are held by IRIS. Non-Redeemable Units and Redeemable Units will at all times be equivalent in all respects, other than the right of redemption which only applies in respect of the Redeemable Units. All units, whether a Non-Redeemable Unit or a Redeemable Unit, represent a unitholder's undivided and proportionate ownership interest in Cominar. Each unit whether a Non-Redeemable Unit or a Redeemable Unit, confers the right to vote at any meeting and to participate equally and rateably in all Cominar distributions.

## 13) Distributions to the Unitholder

Cominar is governed by a Contract of Trust dated as of March 31, 1998, as amended or amended and restated from time to time. The trustees of the REIT intend to distribute Cominar's distributable income to its sole unitholder, IRIS. Distributable income generally means net income determined in accordance with IFRS, before adjustments to fair value, transaction costs, rental revenue derived from the recognition of leases on a straight-line basis, the provision for leasing costs, gains on the disposition of investment properties and certain other items not affecting cash, if applicable.

## 14) Operating Revenues

	Quarter			Year-to-date (nine months)		
	Office and mixed-used properties	Retail properties	Total of operating revenues	Office and mixed-used properties	Retail properties	Total of operating revenues
Periods ended September 30, 2023	\$	\$	\$	\$	\$	\$
Lease revenues	26,922	32,159	59,081	87,162	99,931	187,093
Contingent rents	—	1,816	1,816	—	5,537	5,537
Parking revenues	2,498	88	2,586	7,835	303	8,138
Revenues from other services <sup>1</sup>	1,754	2,742	4,496	7,300	11,372	18,672
Total	<b>31,174</b>	<b>36,805</b>	<b>67,979</b>	<b>102,297</b>	<b>117,143</b>	<b>219,440</b>

<sup>1</sup> Revenues from other services are estimated based on operating costs billable to tenants.

	Quarter				Year-to-date (nine months)			
	Office and mixed-used properties	Retail properties	Industrial and flex properties	Total of operating revenues	Office and mixed-used properties	Retail properties	Industrial and flex properties	Total of operating revenues
Periods ended September 30, 2022	\$	\$	\$	\$	\$	\$	\$	\$
Lease revenues	35,057	35,163	11	70,231	121,364	114,563	25,988	261,915
Contingent rents	—	1,873	—	1,873	—	5,675	—	5,675
Parking revenues	3,043	62	25	3,130	7,730	323	—	8,053
Revenues from other services <sup>1</sup>	3,362	3,048	(39)	6,371	11,516	12,964	1,641	26,121
Total	<b>41,462</b>	<b>40,146</b>	<b>(3)</b>	<b>81,605</b>	<b>140,610</b>	<b>133,525</b>	<b>27,629</b>	<b>301,764</b>

<sup>1</sup> Revenues from other services are estimated based on operating costs billable to tenants.

## 15) Transaction Costs

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2023	2022	2023	2022
	\$	\$	\$	\$
Banker and professional fees	<b>1,611</b>	664	<b>4,984</b>	27,731
Closing adjustments	<b>503</b>	(60)	<b>5,682</b>	17,652
Compensation, severances, retention bonuses and other related costs	—	27	<b>474</b>	19,512
Financing costs and other asset write-offs	—	(65)	—	11,285
Penalties on debt repayments	—	10	—	3,023
Others	—	—	—	1,351
<b>Total</b>	<b>2,114</b>	576	<b>11,140</b>	80,554

Transaction costs for the nine-month period ended September 30, 2023 were incurred as a result of the Arrangement or as a result of the reassessment of the transaction costs related to the Arrangement and as a result of the dispositions that occurred in the year.

## 16) Supplemental Cash Flow Information

Periods ended September 30	Year-to-date (nine months)	
	2023	2022
	\$	\$
Accounts receivable	<b>6,819</b>	9,371
Prepaid expenses and other assets	<b>(14,753)</b>	(13,899)
Accounts payable and accrued liabilities	<b>(2,786)</b>	(30,312)
Changes in non-cash working capital items	<b>(10,720)</b>	(34,840)
<b>Other information</b>		
Accounts payable and accrued liabilities relating to investing activities	<b>6,413</b>	2,744
Accounts receivable relating to investing activities	<b>2,659</b>	4,448

## 17) Related Party Transactions

Since March 1, 2022, Cominar has been a 100% owned subsidiary of IRIS. In connection with their investment in IRIS, certain affiliates of IRIS created a joint venture to provide asset management services to Cominar. This entity is a related party to Cominar by virtue of common joint control.

During the nine-month period ended September 30, 2023 Cominar entered into transactions with such entities, then related companies, in the normal course of business, the details of which are as follows:

Periods ended September 30	Note	Quarter		Year-to-date (nine months)	
		2023	2022	2023	2022
		\$	\$	\$	\$
Parent company (IRIS) subscription under the Arrangement	12	—	—	—	4,241,571
Reimbursement of the subscription receivable from parent company (IRIS)	12	—	282,743	—	1,630,901
Cash distributions to parent company (IRIS)		—	320,789	<b>180,982</b>	1,065,789
Asset management fees and expense reimbursements to parent company (IRIS)		—	5,152	—	7,765
Asset management fees to a joint venture under common control		<b>1,501</b>	1,501	<b>4,502</b>	3,501
Professional fees to a company controlled by a member of the Board of Trustees		<b>725</b>	825	<b>2,075</b>	975

	September 30, 2023	December 31, 2022
	\$	\$
Accounts payable – joint venture under common control	<b>500</b>	500
Accounts payable – company controlled by a member of the Board of Trustees	<b>250</b>	225

## 18) Fair Value

Non-financial assets and their carrying amount and fair value as well as financial liabilities and their carrying amount and fair value, when that fair value does not approximate the carrying amount, are classified as follows:

	Level	September 30, 2023		December 31, 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
<b>Recurring valuations of non-financial assets</b>					
Investment properties	3	<b>1,968,211</b>	<b>1,968,211</b>	2,354,255	2,354,255
<b>Financial assets</b>					
Mortgages receivable	3	<b>19,500</b>	<b>18,739</b>	10,000	9,796
Derivative assets	2	<b>3,764</b>	<b>3,764</b>	—	—
<b>Financial liabilities</b>					
Mortgages payable	2	<b>775,420</b>	<b>726,164</b>	871,870	830,403
Debentures	2	<b>199,219</b>	<b>197,309</b>	269,916	262,388

## 19) Financial Instruments

### Interest rate risk

Interest rate risk is Cominar's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. Cominar is exposed to cash flow risk due to the interest rate fluctuation in its floating rate interest-bearing financial obligations. Cominar from time to time may enter into fixed interest rate derivatives to manage its cash flow risk exposure. As at

September 30, 2023, Cominar holds a floating-to-fixed interest rate swap in order to hedge a portion of the interest rate cash flow risk associated with floating interest rate debt.

Furthermore, upon refinancing of a borrowing, depending on the availability of funds in the market and lender perception of the Cominar's risk, the margin that is added to the reference rate, such as CDOR or banker's acceptance rates, could vary and thereby directly influence the interest rate payable by Cominar.

#### Fair value of recognized financial instruments

On July 5, 2023 Cominar entered into a 5-year swap contract with quarterly intervals based on swapping a variable rate based on CDOR for fixed rate of 6.3%. A derivative asset fair value of \$3,764 and an interests receivable on swap of \$647 were recorded as at September 30, 2023.

The Company has classified this as level 2 in the fair value hierarchy.

	September 30, 2023	December 31, 2022
Receive - Notional	240,000	—
Receive - Rate	6.3 %	—
Pay - Notional	240,000	—
Pay - Rate	7.2 %	—

## 20) Segmented Information

Following the Arrangement, Cominar's activities consist of the ownership and management of a portfolio composed of two types of properties (office and mixed use properties and retail properties) located in the Province of Québec and in Ottawa, Ontario, each type being now considered as a segment. As such, Cominar revisited its allocation of properties to those two segments in order to reflect the new composition of its portfolio following the Arrangement. As part of this new allocation, properties that were previously classified in industrial and flex properties that were not disposed have been grouped with office and mixed-use properties. The accounting policies followed for each property type are the same as those disclosed in the significant accounting policies in the audited annual financial statements of the Trust.

Quarters ended	Office and mixed-use properties	Retail properties	Industrial and flex properties	Condensed interim consolidated financial statements
September 30, 2023	\$	\$	\$	\$
Rental revenue from investment properties	31,174	36,805	—	67,979
Net operating income	14,581	18,335	—	32,916
Change in fair value of investment properties	(55,895)	(38,925)	—	(94,820)
September 30, 2022	\$	\$	\$	\$
Rental revenue from investment properties	41,459	40,146	—	81,605
Net operating income	20,430	20,596	(396)	40,630
Change in fair value of investment properties	(113,712)	(4,461)	(125)	(118,298)



Nine-month periods ended

	Office and mixed-use properties	Retail properties	Industrial and flex properties	Condensed interim consolidated financial statements
September 30, 2023	\$	\$	\$	\$
Rental revenue from investment properties	<b>102,297</b>	<b>117,143</b>	—	<b>219,440</b>
Net operating income	<b>48,120</b>	<b>55,615</b>	—	<b>103,735</b>
Change in fair value of investment properties	<b>(73,165)</b>	<b>(48,404)</b>	—	<b>(121,569)</b>

September 30, 2022	\$	\$	\$	\$
Rental revenue from investment properties	143,409	133,874	27,626	304,909
Net operating income	69,879	60,883	15,840	146,602
Change in fair value of investment properties	(41,232)	(1,850)	202	(42,880)
Share of joint ventures' net income	—	—	—	2,128

	Office and mixed-use properties	Retail properties	Condensed interim consolidated financial statements
September 30, 2023	\$	\$	\$
Income properties	<b>925,217</b>	<b>919,844</b>	<b>1,845,061</b>
Investment properties held for sale	<b>66,000</b>	<b>3,380</b>	<b>69,380</b>

December 31, 2022	\$	\$	\$
Income properties	934,000	1,054,690	1,988,690
Investment properties held for sale	264,000	48,865	312,865

